

## HAA Remarketing and the Alpe Adria Asset Platform

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In general, Remarketing deals with assets which are coming back to a financial institution (due to clients default or voluntary hand-over) and which should be disposed of profitable and in a value concerning manner.

Starting in 2010, there was a clear objective of Hypo Alpe-Adria to establish a state-of-the-art organization regarding Remarketing, assembling movable assets ready to be remarketed within 12 countries with group team and local teams, approaching the market to reach customers and achieving best possible prices for the offered movable assets.

The basic goal of the remarketing is to achieve the best possible price within a certain period of time. Time and price components are thereby inherently in tension (the price achieved may be higher if you wait and address other customer groups, too much hesitation may be counterproductive as movables quickly lose their value) therefore a standardized procedure is required.

All assets prior to sales are appraised by independent court certified appraisers to ensure objective definition of conditions and price of the asset. Based on the valuation and extensive market research – the sales price is defined.

A highly standardized remarketing procedure was set in 2011 and implemented throughout the Group: this procedure has brought Hypo Alpe-Adria to a significant improvement in results: Since 2011, after inception of the new remarketing strategy within the Group, HAA was able to dispose of 95% of sellable movable assets stock (old stock and new incomes): a total of almost 11.600 (consisting of vehicles, equipment and machinery and boats) were disposed for a total amount of more than 180mio€ in net revenues (***net revenues achieved are on average 9% above wholesale price levels - prices determined by independent court certified appraiser companies - which proves the price the assets are remarketed for are above the estimated/appraised value***)

At the moment the total HAA Group stock of repossessed movable assets ready to be sold is less than 650 single assets. Time to market, i.e. the time since repossession till sale, is following the overall market trend according best-in-class benchmarks, at the same time taking care of achieving highest possible prices (constantly above estimated wholesale price level according independent, court-certified appraisers).

Organizationally remarketing units are structured along asset categories, as the requirements differ widely depending on the category, implemented on both group side and locally; formation of competence centers, consisting of experts of the respective asset category, who have active and regular communication. In this way, expertise can be pooled, widened and continuously developed in order to handle even difficult tasks professionally. Group Remarketing team is responsible for steering and controlling, Local Remarketing teams are responsible for taking over of assets, storage, basic maintenance (i.e. cleaning, basic functionality of assets, valuations, database maintenance, full sales and after sales process as well as all activities according procedure concerning remarketing).

### **Sales process:**

National market is the primary addressee, international market as a subsidiary taker and customers complement for specific asset types.

Basically the Remarketing Manager is firstly selling the asset in the national market, whereby he starts with Retail Market to be followed by wholesales market. This is because retail markets yield higher prices than wholesale markets, where dealers always reckon with appropriate margins. Therefore the recovery of an asset begins that consumers are addressed with relevant channels in a structured and broad manner (TV and radio advertising, direct mail, Sales Days, Web sites, etc.). A decisive factor is to involve a sufficiently large number of potential clients otherwise no adequate price competition is created.

If the national market is not able to absorb the assets, because of the quantity is too large or the assets are of special nature, the international market is to be targeted.

When addressing the market, HAA uses all relevant sales channels in order to reach to the client and achieve highest possible price for a specific asset - both locally and internationally when so required.

Internet is today the widest "window" for sales opportunities, and as such need to be highly considered.

### **Alpe Adria Asset Platform:**

As a logical consequence of the sales expansion for HAA Remarketing and in order to further more improve the sales process (in terms of reaching higher sales prices with direct sales) as well as preserve the values for HAA, marketing costs, commissions etc. HAA has developed its own website – a platform to market of all group movable assets and attract a wider range of potential buyers directly.

In May 2013, "HAA Remarketing website" project was successfully completed and the website Alpe-Adria Asset Platform ([aaaplatform.com](http://aaaplatform.com)) went Live. The platform ensemble all Group-wide available movable assets in remarketing, ready to be sold. The Platform information is handled by respective remarketing teams as an additional sales tool and part of daily responsibility. During last nine months since go-live, the platform has become a main point of reference to partners and clients and the community of registered users (as of today more than 500) is growing on daily basis. HAA position on the market as main player among financial institutions concerning remarketing of movable assets

strengthen additionally and the positive effects of the platform mainly reflecting commission savings (direct financial benefit), stronger cross-border sales and expansion to new markets (new partners and clients), a better time to market ensured.

The actual status of our Remarketing Websites can be described as follows:

§ highly standardized one-stop shop for all group-wide movable assets

§ repossessed assets are consolidated within one central Website

§ set-up of a strong remarketing brand ensured: an independent, recognizable tool for remarketing

§ full utilization of direct sales opportunities (with savings in commissions at the same time)

As of today, slightly more than 400 ready-to-be-sold movable assets are placed on [aaaplatform.com](http://aaaplatform.com), which is about 75% of our available stock. The remaining part consists mainly of newly repossessed assets, at this moment in the estimation process (to be placed on the platform after internal procedure ensured).

Since introduction of [aaaplatform.com](http://aaaplatform.com) in May 2013, 1000 movable assets have been placed on it, out of them nearly 600 (60%) are sold as of today via traditional sales channels or directly via the platform.

In 2013, time-to-market decreased 26%, at the same time achieving price level 13% above wholesale price (according independent certified court appraisers); one main driver for this result is direct sales approach deriving from the platform. Direct comparison of sales results in 2<sup>nd</sup> half of years 2012 vs. 2013 shows that we heavily increased direct sales, and now selling almost 80% of the assets directly to the customer (without intermediary).

Paid out commissions in 2<sup>nd</sup> half of 2013 in comparison with same period in 2012 decreased for more than 50%.

The [aaaplatform.com](http://aaaplatform.com) is crucial as an up-to-date sales tool for HAA movable assets in remarketing and the importance of the platform as point of reference when comes to remarketing is growing!

#### *Hypo Alpe Adria:*

*Hypo Alpe Adria (HAA) is a network of banks with its core business essentially in six countries of the Alps-Adriatic region. In addition to banking subsidiaries in Italy (HBI), the South Eastern European market traditionally forms the backbone of HAA. The independent network consists of entities in Slovenia, Croatia, Serbia, Bosnia-Herzegovina and Montenegro, like HBI under the umbrella of the joint holding company Hypo Alpe-Adria-Bank International AG which has its registered office in Klagenfurt, Austria.*

*The network has 6,300 employees serving around 1.3 m customers, including numerous small and medium-sized enterprises, private customers and local authorities. The strong regional anchoring of HAA banks makes them important and, particularly in South-Eastern Europe, central sponsors of the economy, employment market and society of each country in which they operate.*

*In order to address the high expenditure from problem loans resulting from the expansive years and, in particular, since the outbreak of the financial crisis, a supra-regional structure (Heta Asset*

*Resolution) was installed following the emergency nationalisation to expedite the wind-down in such a way as to preserve value.*

*HAA is 100% owned by the Republic of Austria.*

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